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ABSTRACT

Freshmen enrollment for the fall of 1981 was projected, and the impact of student assistance cuts in the Pell Grant and Guaranteed Student Loan (GSL) programs was assessed. The National Institute of Independent Colleges and Universities (NIICU) surveyed college and university admissions officers on the number of paid deposits on June 15, 1980, and June 15, 1981, and the freshman total headcount for fall 1980. Responses from 581 institutions were tabulated nationally and regionally from doctorate-granting institutions, comprehensive universities and colleges, liberal arts colleges, two-year colleges, professional schools, and other specialized institutions. The NIICU findings suggest that though applications are up, the uncertainty of federal student assistance has led entering freshmen to apply to more colleges or to put off making a decision to enroll at college in 1981. The projected decline in freshman enrollments is higher in the northeast and mid-Atlantic states. Enrollment is projected to increase in the north central and southern regions. Overall, colleges and universities in the northwest, the mid-Atlantic, and the west appear to be maintaining enrollments through returning students. Regional differences in the financing of higher education may pose a problem in the future. Projection of the impact of recent federal budget cuts in the Pell Grant and GSL programs was based on a subsample of 100,000 student records in the NIICU survey. Findings show that 32 percent of the more than 550,000 dependent undergraduates currently participating in the Pell Grant program during 1980-81 will no longer be eligible for this program by the 1985-86 academic year. Furthermore, of those students who are planning to enroll in college during the next five years, 32 percent of those who are currently eligible in 1980-81 will no longer be in 1985-86. Reductions in Pell Grants and GSL programs are calculated through 1985-86, and unmet student needs are predicted to increase by 73 percent in actual dollars, leaving the question of how higher education will be financed. (CC)

**research supplement**

August 14, 1981

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# projections of freshmen enrollment for fall 1981

During this spring when Congress was considering budget cuts in federal student assistance programs, various constituencies were asked to project the impact of the proposed cuts in the Pell Grant and the Guaranteed Student Loan programs upon students enrolling at colleges and universities over the next five years. Since enrollment for the 1980-81 academic year was in place, and freshmen for the 1981-82 academic year were just applying to colleges, it was difficult to project the impact of student aid cuts on future enrollment.

Concurrent with these events, the National Institute of Independent Colleges and Universities conducted six workshops for senior executives and their staffs in four regions of the country to look at student aid policies and packaging patterns at the campus level. From these workshops, we collected current 1980-81 student aid data for four regions of the country: the north-central region, the northeast, the mid-Atlantic, and the south and southwest.

In June, NIICU also conducted a national survey to compare enrollment and paid deposits as of June 15, 1981 compared to June 15, 1980. There were 581 responses to this survey which, when weighted to reflect independent colleges and universities nationally by type and by region, led us to conclude that the projected federal budget cuts were causing some problems in the mid-Atlantic and northeast regions.

Information on paid deposits -- that is, a confirmation of attendance by students through an early deposit -- is a better indicator than applications for enrollment because students have made a definite decision to enroll. In a recent survey conducted by the Chronicle of Higher Education (July 27, 1981), it was reported that applications to both the public and independent sectors were up 6.5 percent overall, and 6.2 percent on the average for independent colleges and universities. However, the Chronicle noted that students could be applying to more institutions this year, and that an increase in applications may not necessarily lead to an increase in enrollment.

In the NIICU survey, colleges and university admissions officers were asked to give the number of paid deposits on June 15, 1981 and June 15, 1980. They also were asked to give freshman and total headcount for fall 1980 and to project freshman and total headcount for fall 1981. Our findings suggest that even though applications were up, freshman and total headcount enrollment for 1981 will be adversely affected by the uncertainty in federal student aid funding which took place this spring.

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## FINDINGS OF THE 1981 ENROLLMENT AND STUDENT AID SURVEYS

-- Although paid deposits among returning and new students are running about the same as last year, projected freshman headcount is down 2.2 percent, and projected total headcount is down approximately one percent at independent colleges and universities for fall 1981. According to a recent study, High School Graduates: Projections For the Fifty States, the number of total high school graduates should have dropped by one percent this year. This



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means that fewer freshman had made decisions to attend college than the demographic situation would warrant. These findings come in spite of the fact that applications were up six percent over the last year (See Table 1).

TABLE 1: National

| | Number | Change | % |
|---|---|---|---|
| Paid Deposits | | | |
| 1980-81 | 545,846 | | |
| 1981-82 | 548,212 | 2,366 | 0.4 |
| Freshman Headcount | | | |
| Actual 1980-81 | 588,161 | | |
| Projected 1981-82 | 575,382 | -12,779 | -2.2 |
| Total Headcount | | | |
| Actual 1980-81 | 2,339,201 | | |
| Projected 1981-82 | 2,325,167 | -14,034 | 0.6 |

-- Paid deposits and projected headcount enrollment varied by type of institution. Doctorate-granting institutions projected a slight increase in headcount enrollment, but a six percent decrease in entering freshman. Paid deposits were up primarily from returning students (Table 2).

TABLE 2: DOCTORATE-GRANTING INSTITUTIONS

| | Number | Change | % |
|---|---|---|---|
| Total Paid Deposits June 15 | | | |
| 1980-81 | 90,599 | | |
| 1981-82 | 92,229 | 1,630 | 1.8% |
| Freshman Headcount | | | |
| Actual 1980-81 | 81,095 | | |
| Projected 1981-82 | 76,235 | -4,860 | -6.0 |
| Total Headcount | | | |
| Actual 1980-81 | 510,694 | | |
| Projected 1981-82 | 515,362 | 4,668 | 0.9 |

-- Comprehensive colleges and universities, primarily located in urban areas, projected a one percent loss in total headcount for fall 1981, and a 4.4 percent drop in entering freshmen. Total paid deposits were down almost three percent in June 1981 compared to June 1980 (Table 3).

TABLE 3: COMPREHENSIVE UNIVERSITIES AND COLLEGES

| | Number | Change | % |
|---|---|---|---|
| Total Paid Deposits June 15 | | | |
| 1980-81 | 161,432 | | |
| 1981-82 | 156,994 | -4,438 | -2.7 |
| Freshman Headcount | | | |
| Actual 1980-81 | 170,804 | | |
| Projected 1981-82 | 163,310 | -7,494 | -4.4 |
| Total Headcount | | | |
| Actual 1980-81 | 768,196 | | |
| Projected 1981-82 | 759,618 | -8,578 | -1.1 |

-- Liberal arts colleges fared better on the average than other types of institutions. Total paid deposits were up 1.4 percent, and freshman headcount enrollment is projected to increase by 1.1 percent while total headcount enrollment is projected to remain about the same in fall 1981 as in fall 1980. (Table 4).

TABLE 4: LIBERAL ARTS COLLEGES

| | Number | Change | % |
|---|---|---|---|
| Total Paid Deposits June 15 | | | |
| 1980-81 | 136,895 | | |
| 1981-82 | 138,826 | 1,931 | 1.4% |
| Freshman Headcount | | | |
| Actual 1980-81 | 153,326 | | |
| Projected 1981-82 | 155,076 | 1,750 | 1.1 |
| Total Headcount | | | |
| Actual 1980-81 | 574,864 | | |
| Projected 1981-82 | 572,530 | -2,334 | -0.4 |

-- Two-year colleges also fared better than other types of independent institutions. Total paid deposits were up 2.7 percent this June. Although total headcount is projected to increase three percent, entering freshmen in fall 1981 will remain about the same as in fall 1980 (Table 5).

TABLE 5

TWO YEAR COLLEGES

| | | Number | Change | % |
|---|---|---|---|---|
| Total Paid | | | | |
| | 1980-81 | 46,291 | | |
| | 1981-82 | 47,532 | 1,241 | 2.7 |
| Freshman Headcount | | | | |
| Actual | 1980-81 | 64,117 | | |
| Projected | 1981-82 | 63,928 | - 189 | -0.3 |
| Total Headcount | | | | |
| Actual | 1980-81 | 110,491 | | |
| Projected | 1981-82 | 113,844 | 3,353 | 3.0 |

-- Free-standing professional and other specialized institutions (such as art and music schools, seminaries and free-standing law and medical schools) present a mixed picture. Although paid deposits are up 1.8 percent, freshman headcount is projected to drop almost two percent and total headcount is projected to drop three percent (Table 6).

TABLE 6

PROFESSIONAL SCHOOLS AND OTHER SPECIALIZED INSTITUTIONS

| | | Number | Change | % |
|---|---|---|---|---|
| Total Paid | | | | |
| | 1980-81 | 110,629 | | |
| | 1981-82 | 112,631 | 2,002 | 1.8 |
| Freshman Headcount | | | | |
| Actual | 1980-81 | 118,819 | | |
| Projected | 1981-82 | 116,833 | - 1,986 | -1.7 |
| Total Headcount | | | | |
| Actual | 1980-81 | 374,956 | | |
| Projected | 1981-82 | 363,813 | -11,143 | 3.0 |

-- Some explanation for these various findings comes from regional analyses of student aid packaging. Approximately six out of 10 undergraduates attending independent colleges and universities receive some form of financial aid, but NIICU found in its 1980-81 spring survey of student aid recipients in four regions that packaging of aid and cost of education vary significantly by region of the nation.

-- Although the costs of independent higher education vary somewhat by region of the country, our enrollment survey shows that projected freshman enrollment is down in those regions where the expected parental contribution is highest, signaling the uncertainty of families to meet the higher educational costs of their children.

-- In NIICU Region I, (northcentral and midwest states) the average total student budget was $6,313 in 1980-81, and the average expected parental contribution was $1,132 or approximately 18 percent of total educational costs. The NIICU enrollment survey shows that this region is up 4.8 percent in paid deposits and that freshman headcount enrollment is expected to increase 2.5 percent (Table 7) and total headcount enrollment is projected to drop by less than one percent next fall.

TABLE 7

REGION 1 (NORTH CENTRAL)

| | | Number | Change | % |
|---|---|---|---|---|
| Paid Deposits | | | | |
| | 1980-81 | 109,241 | | |
| | 1981-82 | 114,471 | 5,230 | 4.8 |
| Freshman Headcount | | | | |
| Actual | 1980-81 | 122,415 | | |
| Projected | 1981-82 | 125,444 | 3,029 | 2.5 |
| Total Headcount | | | | |
| Actual | 1980-81 | 506,228 | | |
| Projected | 1981-82 | 502,921 | 3,307 | -0.7 |

-- In NIICU Region II, the mid-Atlantic region, the average total student budget was $6,850 in 1980-81, and the average expected parental contribution was $1,854 or approximately 27 percent of total educational costs. The NIICU enrollment survey shows that this region is up 4.7 percent in paid deposits and that freshman headcount enrollment is expected to drop 6.6 percent (Table 8). Total headcount enrollment is projected to drop by 1.6 percent. Therefore, although the recent Chronicle survey reported applications up almost six percent in this region, these projections seem to show a returning student population, but uncertainty among families of incoming freshmen to make actual enrollment decisions.

TABLE 8

REGION 2 (MID ATLANTIC)

| | | Number | Change | % |
|---|---|---|---|---|
| Paid Deposits | | | | |
| | 1980-81 | 110,170 | | |
| | 1981-82 | 115,310 | 5,140 | 4.7 |
| Freshman Headcount | | | | |
| Actual | 1980-81 | 122,728 | | |
| Projected | 1981-82 | 114,594 | -8,134 | -6.6 |
| Total Headcount | | | | |
| Actual | 1980-81 | 466,192 | | |
| Projected | 1981-82 | 458,714 | -7,478 | -1.6 |

-- In NIICU Region III, the northeast, the average total student budget was $6,014, and the average expected parental contribution was $1,343 or approximately 22 percent of total educational costs. The NIICU enrollment survey shows that this region is up less than one percent in paid deposits and that freshman headcount enrollment is projected to drop 3.6 percent. Total headcount is expected to remain about the same as last year (Table 9). While not quite as drastic as the mid-Atlantic, the expected parental contributions for this region are the second highest in the nation. Again returning students seem to be enrolling, but entering freshmen were not making decisions to enroll in spite of the fact that applications in this region were also up almost six percent.

TABLE 9

REGION 3 (NORTHEAST)

| | Number | Change | % |
|---|---|---|---|
| Paid Deposits | | | |
| 1980-81 | 183,039 | | |
| 1981-82 | 184,540 | 1,501 | 0.8 |
| Freshman Headcount | | | |
| Actual 1980-81 | 177,960 | | |
| Projected 1981-82 | 171,489 | -6,417 | -3.6 |
| Total Headcount | | | |
| Actual 1980-81 | 705,546 | | |
| Projected 1981-82 | 702,630 | -2,916 | -0.4 |

-- In NIICU Region IV, the southeast, south, and southwest, the average total student costs were $6,061, and the average parental contribution was approximately 17 percent of total educational costs. The NIICU enrollment survey shows paid deposits down approximately 13 percent, although freshman headcount is projected to increase 1.3 percent. Total headcount enrollment is projected to remain about the same as fall 1980 (Table 10).

TABLE 10: REGION 4 (SOUTH)

| | | Number | Change | % |
|---|---|---|---|---|
| Paid Deposits | | | | |
| | 1980-81 | 91,541 | | |
| | 1981-82 | 79,958 | -11,583 | -12.7 |
| Freshman Headcount | | | | |
| Actual | 1980-81 | 108,464 | | |
| Projected | 1981-82 | 109,828 | 1,364 | 1.3 |
| Total Headcount | | | | |
| Actual | 1980-81 | 357,778 | | |
| Projected | 1981-82 | 357,145 | - 633 | - 0.2 |

-- In NIICU Region V, the west, NIICU did not collect regional cost data. However, educational costs in the west, particularly California, are generally high. The NIICU enrollment survey shows paid deposits up four percent, and freshmen headcount enrollment is projected to drop by 4.6 percent. Total headcount enrollment is projected to remain about the same as fall 1980 (Table 11).

TABLE 11: REGION 5 (WEST)

| | | Number | Change | % |
|---|---|---|---|---|
| Paid Deposits | | | | |
| | 1980-81 | 51,855 | | |
| | 1981-82 | 53,933 | 2,078 | 4.0 |
| Freshman Headcount | | | | |
| Actual | 1980-81 | 56,648 | | |
| Projected | 1981-82 | 54,027 | -2,621 | -4.6 |
| Total Headcount | | | | |
| Actual | 1980-81 | 303,457 | | |
| Projected | 1981-82 | 303,757 | 300 | 0.1 |

-- The NIICU findings suggest that even though applications are up, the uncertainty of federal student assistance has led entering freshmen to either apply to more colleges, or to put off making a decision to enroll at college this fall. In the northeast and mid-Atlantic states, where parents are expected to pay a higher percentage of educational costs, the projected decline in freshman enrollments is higher. In the north central and southern regions, where parents, on the average, are expected to contribute less, freshman enrollment is projected to increase. Overall, colleges and universities in the northwest, the mid-Atlantic and the west appear to be maintaining enrollments through returning students. This trend, should it continue, may pose a problem in the future.

-- A more detailed analysis of regional differences in the financing of higher education at independent colleges and universities and institutional policy is forthcoming in the next issue of the NIICU Public Policy Monograph series scheduled for publication at the end of August.

# PROJECTIONS OF THE IMPACT OF THE BUDGET CUTS IN THE PELL GRANT AND GUARANTEED STUDENT LOAN PROGRAMS THROUGH ACADEMIC YEAR 1985-86

The National Institute of Independent Colleges and Universities has projected the impact of the recent federal budget cuts in the Pell Grant and Guaranteed Student Loan (GSL) programs upon students attending independent colleges and universities from current 1980-81 student aid data through academic year 1985-86.

## Methodology

Several assumptions were made in these projections which need to be clearly understood before reading the conclusions of this report.

1. The projections are based on a sub-sample of the 10,000 student records NIICU has in its 1980-81 Student Aid Recipient Data Base. The student records selected were limited to those students who did not receive social security benefits and who reported that only one member of the family was in college. This particular sub-set was selected so that we could duplicate as closely as possible the assumptions used by the Office of Management and Budget (OMB) when it prepared its budget projections. (The Social Security benefit exclusion was included to ensure that we were more likely to exclude those students who did not have two parents working, which was one of the OMB assumptions.)

2. The inflation rates used for these projections were 10 percent for 1980-81 declining by one percent a year, to six percent by 1984-85. These projections are slightly more optimistic than those used by OMB. For this reason, we believe that our figures present the "best case" projection. If inflation is higher than six percent per year by 1984-85, then the impact of the budget cuts will be worse than we have projected.

3. In making these projections, all aid sources, from parental and student contributions to state and institutional need and merit-based grants, were inflated by the same percent. This procedure may have pushed some of the federal programs above their current maximum appropriations limits, again leading us to warn that our projections are "best case."

4. Pell Grants were assumed to have the following limitations: (a) a maximum $1750 in 1980-81, $1670 in 1981-82, and $1800 in the remaining years; (b) following the assumptions of OMB, we assumed that only students from families with adjusted gross incomes below $25,000 will be eligible for participation in the Pell Grant program.

5. Guaranteed Student Loans were computed with the following assumptions: (a) a need of at least $500 was required for a loan to be granted, with a minimum loan of $1,000; (b) the loan could not exceed need if the parental adjusted gross income was above $30,000; and (c) GSLs under $500 were considered unattainable in today's financial market.

## FINDINGS

--Based upon the federal budget cutbacks recently passed by Congress, 32 percent of the more than 550,000 dependent undergraduates currently participating in the Pell Grant program at independent colleges and universities during the 1980-81 academic year will no longer be eligible for this program by the 1985-86 academic year, assuming that these students remain in college. Furthermore, of those students who are planning to enroll in college during the next five years, 32 percent of those who are currently eligible in the 1980-81 academic year will no longer be eligible by 1985-86 (Table 1).

### TABLE I

PERCENT OF STUDENTS ELIGIBLE FOR PARTICIPATION
IN THE
PELL GRANT PROGRAM

| ACADEMIC YEAR | ALL STUDENTS | CURRENT PARTICIPANTS |
|---|---|---|
| 1980-81 | 38 | 92 |
| 1981-82 | 36 | 86 |
| 1982-83 | 33 | 80 |
| 1983-84 | 31 | 73 |
| 1984-85 | 28 | 68 |
| 1985-86 | 26 | 63 |

--If current dollars are projected to 1985-86, there will be a two percent decline in total Pell Grant dollars to independent colleges and universities although total educational costs will have risen by 47 percent. In addition, total GSL dollars to the institutions will only increase by 23 percent during these five years in spite of the increase in educational costs. As a result of the budget cutbacks in the Pell Grant and GSL programs, unmet need (which is the difference between all sources of revenues, including parental and student contributions, and the total cost of education) will increase by 73 percent in actual dollars (Tables 2 and 3).

TABLE 2

COMPOUNDED ANNUAL CHANGE (CURRENT DOLLARS)
IN
PELL GRANTS, GUARANTEED STUDENT LOANS,
EDUCATIONAL COSTS, AND REMAINING NEED
FROM
1980-81 THROUGH 1985-86

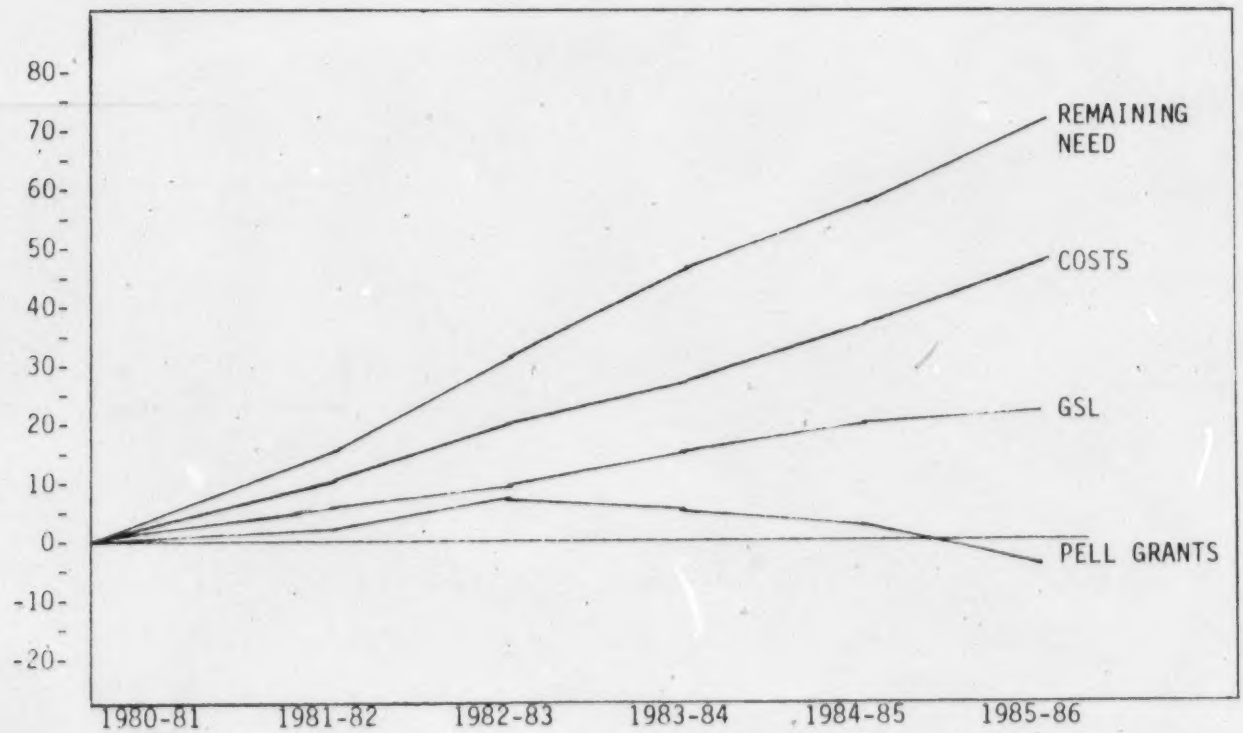
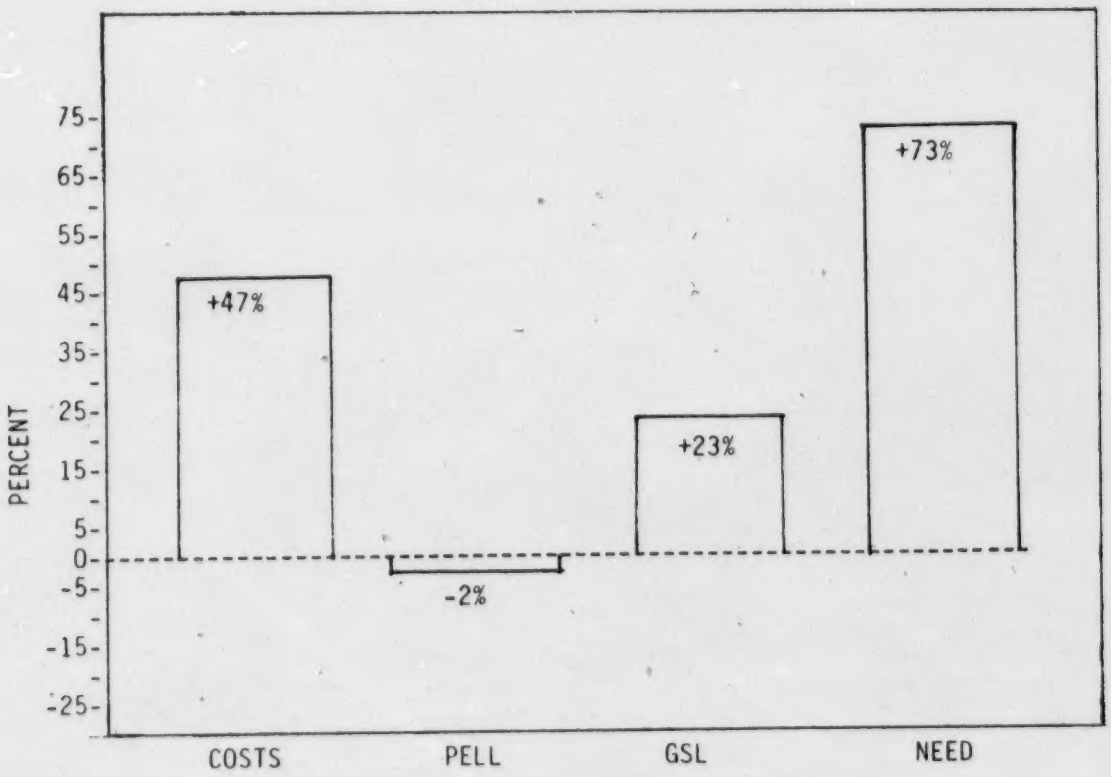


TABLE 3

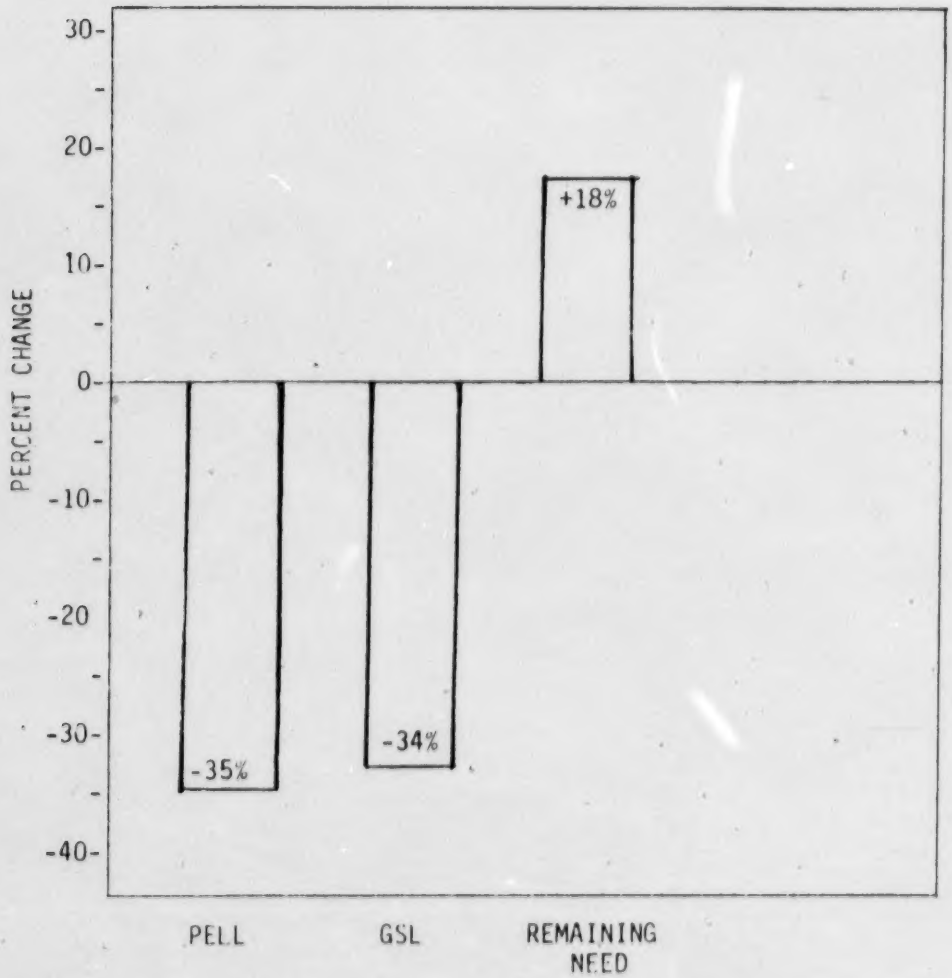
COMPOUNDED PERCENT CHANGE IN
EDUCATIONAL COSTS AND SOURCES OF AID FROM 1980-81
PROJECTED THROUGH 1985-86



--When 1980-81 current dollars are deflated to account for real purchasing power in 1985-86, assuming inflation drops by one percent per year, there will be a loss of 35 percent in the purchasing power of Pell Grants to cover total educational costs and a 34 percent decline in the purchasing power of GSLs to cover educational costs. Furthermore, the unmet need gap will increase by 18 percent (Table 4).

TABLE 4

CHANGE IN PURCHASING POWER (CONSTANT DOLLARS)
OF
PELL GRANTS, GUARANTEED STUDENT LOANS
AND REMAINING NEED
PROJECTED FROM 1980-81 THROUGH 1985-86



--The overriding question one must ask after reviewing this "best case" projection is: How will students and families on the one hand and independent colleges and universities on the other find the additional resources to finance higher education at an independent college over the next five years?

TABLE 5

EDUCATIONAL COSTS
(TUITION, FEES, ROOM, BOARD, AND OTHER)
FROM 1980-81 THROUGH 1985-86
AND RATES OF INFLATION

| ACADEMIC YEAR | EDUCATIONAL COSTS | INFLATION |
|---|---|---|
| 1980-81 | $6541 | 10% |
| 1981-82 | 7165 | 9% |
| 1982-83 | 7810 | 8% |
| 1983-84 | 8435 | 7% |
| 1984-85 | 9025 | 6% |
| 1985-86 | 9567 | -- |

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